

# STATE OF COLORADO FISCAL RULES

## CHAPTER 6: CASH

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# STATE OF COLORADO FISCAL RULES

## Rule 6-1

### *CASH RECEIPTS AND DEPOSITS*

#### *AUTHORITY:*

24-36-103, C.R.S. (Transmit Monies to State Treasurer)

#### *DEFINITIONS:*

**Bank Account** - An account approved by the State Controller and State Treasurer that is established by a State Agency in any financial institution for the purpose of conducting State business.

#### *RULE:*

A State Agency that receives money for any reason shall make timely deposits to the State Treasury, unless otherwise provided by statute or Fiscal Rule. All money received and not deposited during the month shall be deposited on the last working day of the month. Deposits or transfers to the State Treasury from any bank account shall be made as required by the State Treasurer.

# STATE OF COLORADO FISCAL RULES

## Rule 6-2

### *CHANGE FUNDS AND PETTY CASH FUNDS*

#### DEFINITIONS:

**Change Fund** - A fund established at a State Agency that receives cash to allow for making change.

**Petty Cash Fund** - A fund established at a State Agency to allow cash payment for small, incidental expenses.

#### RULE:

Change funds and petty cash funds may be established based upon a written request from the chief financial officer of a State Agency and approval of the State Controller, or the Controller's designee. The request for approval shall state the purpose of the fund and contain justification for the amount requested.

Change funds shall only be used for making change when cash receipts are accepted from the public, such as for fees and fines. No expenditures of any kind shall be authorized from a change fund.

Petty cash funds shall only be used for payment of incidental expenses of a nominal amount that require cash payment, such as postage or parking or expenses not otherwise appropriately billed by invoice and paid by voucher or warrant. Petty cash expenditures shall be consistent with all applicable statutes, rules, regulations, and executive orders.

All petty cash funds and all change funds shall be recorded on the State Financial System.

# STATE OF COLORADO FISCAL RULES

## Rule 6-3

### *IMPREST CASH ACCOUNTS AND BANK ACCOUNTS*

#### AUTHORITY:

24-36-103(2), C.R.S. (Transmit Monies to State Treasury)

24-36-104(2.5), C.R.S. (Monies to Be Deposited)

24-75-202, C.R.S. (Imprest Cash Accounts)

#### DEFINITION:

**Bank Account** - An account that is established by a State Agency in any financial institution for the purpose of conducting State business.

**Imprest Cash Account** - A bank account that is established by a State Agency for the purpose of paying operating expenses.

#### RULE:

Bank account balances shall be limited to the minimum amount necessary to be consistent with legal requirements and operating efficiency. Written approval is required from the State Controller and State Treasurer prior to a State Agency establishing a bank account.

Deposits to imprest cash accounts shall only be in the form of reimbursements for expenditures, interest earnings, and other miscellaneous adjustments credited by the banking institution.

Reimbursements to imprest cash accounts shall be limited to actual expenditures. Request for reimbursements shall be made so that all disbursements are properly reported on the State Financial System.

All imprest cash accounts and bank accounts shall be recorded on the State Financial System.

#### EXCEPTIONS TO RULE:

This Fiscal Rule does not apply to the University of Colorado Board of Regents.

# STATE OF COLORADO FISCAL RULES

## Rule 6-4

### *ENTERTAINMENT EXPENSE BANK ACCOUNTS*

#### DEFINITIONS:

**Entertainment Expense Bank Account** - An entertainment expense bank account is an account authorized by a governing board that is established at a financial institution in the name of the State of Colorado to provide for the entertainment of officials and dignitaries by a governing board, a State university or a State college.

#### RULE:

The governing boards may authorize an entertainment expense bank account to be established by the governing board for their respective colleges and universities. Prior to authorizing an entertainment expense bank account, the governing board shall review and approve a written request for the account which includes the account balance and assures that adequate internal accounting and administrative controls exist to ensure the proper use of the account.

No deposits, other than reimbursements for expenditures, shall be made to an entertainment expense bank account. Each expenditures from the account shall be for the benefit of the State, and not for personal benefit.

#### EXCEPTIONS TO RULE:

This policy does not apply to any State Agency other than institutions of higher education and their governing boards.

# STATE OF COLORADO FISCAL RULES

## Rule 6-5

### *STATE TREASURY LOANS AND ADVANCES*

#### *AUTHORITY:*

24-75-203, C.R.S. (Loans and Advances)  
24-75-204, C.R.S. (Loans and Advances - Report)

#### *DEFINITIONS:*

**Loans** - Funds borrowed from the State Treasury by a State Agency to provide working capital for business operations or programs which generate their own revenue and have the capacity to repay the funds borrowed. Loans shall bear interest at a rate established by agreement or by statute. Interest shall be calculated by the State Treasurer and shall be paid as provided in the agreement.

**Advances** - Funds borrowed from the State Treasury by a State Agency to provide working capital for operations of programs, or for federal programs for which federal advances and letters of credit are not available. Advances shall be made without interest. Advances are limited to a total of twelve million dollars to a State Agency at any time.

#### *RULE:*

A State Agency shall make a written request to the State Controller for a loan or advance from the State Treasury. The request shall include the amount requested, justification for the request, and the method and time period for repayment. State Agencies shall keep their working capital requirements to a minimum by following good business practices.

Loans and advances shall be made for a period no greater than 12 months. Loans and advances may be renewed for additional periods upon the State Agency demonstrating continuing purpose and need.

Loans and advances shall be limited to the extent that funds are available in the State Treasury that are not immediately required to be disbursed. Advances shall not exceed twelve million dollars at any given time to any State Agency.

Loans shall be approved by the Office of the Governor, the State Controller and the State Treasurer. Advances shall be approved by the State Controller and the State Treasurer.

# STATE OF COLORADO FISCAL RULES

## Rule 6-6

### *REFUNDS AND REIMBURSEMENTS*

#### DEFINITIONS:

**Non-augmenting Revenue Account** - An account used to record a refund or reimbursement from a prior fiscal year. Such revenue accounts do not serve as funding sources for appropriated expenditures.

**Refund** - An amount or credit received because of an overpayment or the return of an item purchased.

**Reimbursement** - Repayment received for amounts remitted on behalf of another party.

#### RULE:

State Agencies will normally use either an account receivable or a revenue account to record refunds and reimbursements. However, incidental and non-recurring refunds or reimbursements for activities that involve a routine State Agency function may be credited against the original account coding if the recovery occurs in the same fiscal year as the original expenditure. If such recoveries are made in a subsequent fiscal year, such as an audit recovery, they should be credited to a non-augmenting revenue account.

#### EXCEPTIONS TO RULE:

- .01 Capital Construction Funds - Refunds or reimbursements received for expenditures of Capital Construction Fund appropriation during the life of the project shall be treated as if they were received in the same fiscal year as the original expenditure. If the recovery is made after the term of the appropriation has expired, the recovery shall be credited to a non-augmenting revenue account.
- .02 Federal Funds - Refunds or reimbursements received for expenditures of Federal Funds, prior to the expiration of the award, shall be treated as if they were received in the same fiscal year as the original expenditure. If the recovery is made after the award has expired, the recovery shall be refunded to the Federal Government.
- .03 Contracts and Grants - Refunds or reimbursements received for expenditures made from contracts and grants shall be handled as set forth in the terms of the contract or the conditions of the grant.

# STATE OF COLORADO FISCAL RULES

## Rule 6-7

### *CHECKS RETURNED FOR INSUFFICIENT FUNDS*

#### AUTHORITY:

24-30-202(25), C.R.S. (Returned Check Penalty)

#### DEFINITIONS:

**Insufficient Funds** - Not having a sufficient balance in an account with a bank or other drawee to cover a check when it is presented for the payment.

#### RULE:

A State Agency that receives a check that is returned for Insufficient Funds shall assess a reasonable fee against the person who issued the check. The fee assessed shall be at least equal to the additional bank charges incurred by the State Agency and may include up to an additional 25% of the additional bank charges to cover the State Agency's administrative costs. This penalty is in addition to any other penalty provided by statute except the penalty provided by 24-35-114, C.R.S.



# STATE OF COLORADO FISCAL RULES

## Rule 6-8

### *FEDERAL CASH MANAGEMENT*

#### AUTHORITY:

31 CFR, Part 205 (Federal Cash Management Act)  
24-22-107 (6), C.R.S. (Duties of the State Treasurer)

#### RULE:

State Agencies shall make draws of federal funds as closely as possible with the use of those funds.

By statute, the State Treasurer shall ensure compliance with applicable federal and State laws, including any liability for interest payable to the federal government for major federal programs.